Pearson BTEC Level 3 Nationals

June 2022

Time 2 hours

Paper reference **31489H**

Business/Enterprise and Entrepreneurship

UNIT 2: Developing a Marketing Campaign

Part A

You do not need any other materials.

Instructions

- **Part A** contains material for the completion of the preparatory work for the Set Task.
- **Part A** is issued to learners on the afternoon before **Part B** is scheduled. Learners have two hours for **Part A**.
- **Part A** must be issued to learners on the timetabled date so that learners can prepare in the way specified.
- **Part A** is specific to each series and this material must only be issued to learners who have been entered to undertake the task in the relevant series.
- **Part A** should not be returned to Pearson.
- **Part B** materials must be issued to learners on the day specified by Pearson.

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Instructions to Teachers/Tutors

This paper must be read in conjunction with the unit information in the specification and the *BTEC Nationals Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

Learners should use the allocated two hours for **Part A** to annotate and prepare notes for **Part B**.

Learners are expected to spend two hours on **Part A**.

Learners may prepare summary notes from their **Part A** review of provided research. Learners may take up to two sides of A4 notes and an annotated copy of the **Part A** research pack into the supervised assessment (**Part B**). Learner notes and annotations should include facts and figures relating to organisations, such as the products they offer and the ways they use the marketing mix in their promotional campaigns. Notes should not include any pre-prepared promotional plans.

Teachers/tutors must not give any support or additional resources to learners during **Part A** or prior to **Part B**. The work must be completed independently by the learner.

The supervised assessment (**Part B**) will take place in a timetabled period specified by Pearson.

Refer carefully to the instructions in this paper and the *BTEC Nationals Instructions for Conducting External Assessments (ICEA)* document to ensure that the **Part A** period is conducted correctly and that learners have completed their preparation validly and independently.

All learner notes must be retained securely by the centre after **Part B** and may be requested by Pearson if there is suspected malpractice.

Instructions for Learners

Read the Set Task Brief carefully.

This contains the information you need to prepare for the set task.

In **Part B** you will be given a scenario. Use this **Part A** paper to prepare by relating your learning to the specific information given.

You will then be given the set task to complete under supervised conditions.

You must work independently and must not share your work with other learners.

Your teacher/tutor may give guidance on when you can complete the preparation.

Your teacher/tutor cannot give you feedback during the preparation period.

Set Task Brief

You have been asked to write a proposal for a marketing campaign for a business called *Wholly Nutritious* that delivers boxes of food.

The business owners want to maintain their revenues.

You are required to use given research independently to analyse the market for food boxes in the UK.

This research will include primary and secondary data relating to:

- competitors
- market size, share and structure
- target market
- trends
- external influences
- costs
- timescale
- media
- message communicated
- marketing mix
- appropriateness of the campaign.

You are allowed a maximum of two sides of A4 of your individually prepared notes and you may annotate **Part A** to support you during the **Part B** supervised assessment.

Research pack

Market for food boxes in the UK

The food box market is estimated to exceed £1.5 billion within the UK in 2022, with sales of food boxes expected to rise 55% year on year. The sudden increase in the demand for food and recipe boxes has led to rapid growth within the market and has led to a significant rise in the number of local, national and international food box brands.

Approximately 26% of households are now purchasing food boxes weekly. The market is dominated by leading brands *HelloFresh, Gousto* and *Mindful Chef,* with an increase in the number of niche food box providers supplying specialised boxes such as Japanese, organic and vegan meals.

Market leader *HelloFresh* has recently reported an increase in demand and now provides 250,000 food boxes each month. Research by Statistica has shown that over the past year alone food box subscriptions have increased by 48% and have become the leading type of subscription box around the globe. The Guild of Fine Food supports such findings by highlighting that 36% of consumers now use the internet to source ingredients, recipes or meal kits in the form of food boxes.

Mindful Chef is another food box company. Its most recent market share report has highlighted that its food boxes are most popular with those in the 18–34 age group, with 18% of those signing up to more than one food box service. In contrast, only 3% of those over the age of 55 use the service.

The concept of food boxes is not something new and some of the larger brands have been in operation since 2015. However, the past three years have led to changes in social trends, such as more people cooking at home and an increase in demand for the direct delivery of recipes and ingredients. Society has become more focused on enjoying cooking, which has resulted in a decrease of takeaway sales and an increase in the popularity of food boxes.

Research by the Financial Times shows that most people who purchase food boxes do so for the following reasons:

- The ease of having food and recipes delivered to their door.
- The enjoyment of being able to cook different recipes each week.
- The novelty and surprise of having meals delivered.
- The ability to try new foods and experiment with different ingredients.
- The access to high-quality products and restaurant-standard meals.

Some younger consumers also highlight that staying on trend is a key reason for subscribing to food boxes and will subscribe to multiple food boxes if there are offers and promotions.

More recently, supermarkets have challenged the food box market with both *Marks & Spencer (M&S)* and *Morrisons* launching meal kit boxes that consumers can cook and enjoy at home. *M&S* offers a selection of meals for two that include a starter, main, side and dessert, relying on its brand image, loyal customer base and guarantee of 100% British ingredients to attract buyers. Whereas *Morrisons* has specifically targeted the family market with food boxes that provide a family of four with five meals.

HelloFresh

The market leader in the UK is *HelloFresh* that offers weekly food boxes for two to four people. Boxes are priced at between £42.99 and £60.99. *HelloFresh* has a menu of over 37 recipes each week and offers themed and seasonal dishes throughout the year.

***HelloFresh* 2021/22 product range**

Product	Description
Veggie Box	A selection of up to five vegetarian and meat-free alternative meals each week.
Family Box	A selection of up to five meals that contains meals from the full menu, including sweet dishes.
Quick Cook Box	A selection of up to five easy to prepare and quick to cook meals including cold dishes.
Calorie Smart Box	A selection of five meals that are under 600 calories per serving and have health benefits.

HelloFresh has a large social media following and regularly uses influencers to showcase its recipes. More recently, the brand has changed its marketing message to highlight the social benefits of its products. The 'Fresh from the 'gram' message has directly encouraged consumers to connect and interact through Instagram to share their stories and showcase the power of the products in bringing people together.

As part of its most successful marketing campaign, *HelloFresh* linked with celebrities who share their experiences of preparing, cooking, and eating different recipes over a 21-day period using the hashtag #RefreshWithHelloFresh on a range of social media platforms. The campaign was targeted at young adults and health-conscious families.

Gousto

Gousto was the first UK-based food box service. It offers a menu of up to 60 recipes, which consumers can select for themselves. Boxes are priced between £24.99 and £47.75. *Gousto* offers festive meals, calorie controlled and healthy meals alongside branded *Lean in 15 recipes* endorsed by Joe Wicks.

***Gousto* 2021/22 product range**

Product	Description
Two-Person Box	Offering two, three or four recipes for two people each week, which can be selected by the consumer from the main menu.
Family Box	Offering two, three or four recipes for two adults and up to three children each week. Recipes can be selected by the consumer.

In 2021 *Gousto* launched its 'Give it Some' campaign that was used to challenge the opinion that food boxes can become repetitive and boring. The campaign used a combination of music and celebrities to liken food taste and the products to music tastes with the message of 'whatever your taste, we've got something for you'. Interactions on

social media reached over one million and product sales reached a point where *Gousto* had to stop food box subscriptions for new customers.

The brand now has a heavily digital marketing strategy that makes use of social media platforms and post-sharing to reach new potential customers. However, its main aim is to retain customers and reduce subscription cancellations through customer engagement and innovation.

Smaller providers often have higher priced products due to their bespoke nature, with some charging £16.99 for a meal for two and others charging a different price for each meal selected. Most food box businesses offer discounts for new customers and offer incentives for those who encourage others to subscribe.

However, the long-term outlook for food boxes is not as positive say Delish.com, a specialist magazine on trends in food and drink. On average less than 20% of UK customers have kept their subscription services for more than a year, with research showing that the average consumer cancels their subscriptions within five months.

Most consumers highlight that their reason for cancelling is that the food boxes become repetitive and the meal choice is not sufficient. 46% of consumers state their cancellation is due to financial reasons. It is no surprise therefore that the market leaders in food boxes state customer retention as their key focus for the coming year.

In a recent report, a global food and drink analyst suggested that the success of any food box company is based on customer retention. They stated that food boxes are notably expensive to produce and rely on the consumer 'wanting' to stay in and cook, which limits their ability to be spontaneous. Therefore, food box brands now need to think outside the box and consider what other products, add-ons and benefits they can link to their products in order to sustain and maintain custom and relationships.

Food box brands have also come under more intense scrutiny due to their excessive use of single-use plastics. Consumers are calling for market leaders to review how they package ingredients and print recipe cards to reduce the amount of waste.

As part of the growing concerns for the environment, the UK Government has started a consultation on single-use plastic packaging. The consultation will challenge food box businesses to consider their carbon footprint and their impact on the environment.

Gousto has responded by cutting back on all packaging and is using environmentally friendly materials across all food boxes, which has cut plastic use by 50%. *Riverford* has also responded by launching a recycling guide to show consumers what can be reused, recycled and returned. The company has also pledged to remove all plastic packaging from its fruit and vegetables.

***Wholly Nutritious* market research report**

Day: Saturday
Sample size: 80
Location: Food market based in a busy city centre
Time: 10 am–1 pm
Sample: Customers between the ages of 20 and 50

Summary of questionnaire responses

Gender:

Male	Female	Other
46	33	1

Age:

20–29	30–39	40–49	50+
10	35	28	7

How often do you order food boxes?

Once per month or less	Twice per month	Once per week
9	22	49

If you were purchasing a food box that provides two main meals for one person how much would you be willing to pay?

£10 – £15	£16 – £25	£26+
22	37	21

What type of food boxes do you prefer? (Select all that apply.)

Mixed boxes (whole range)	Vegetarian boxes	Family boxes	Low calorie boxes
56	25	42	49
Vegan boxes	**Dairy free boxes**	**Quick cook boxes**	**Dessert boxes**
9	2	46	37

Which of the following is the most important factor when considering a food box?

The range of meal choices	The ease of purchase and delivery	The freshness of ingredients
27	11	14
The cooking experience	**The health benefits**	**The price of the food box**
4	6	18

How interested would you be in online cooking demonstrations linked to your food boxes?

Not interested	Somewhat interested	Very interested
24	39	17

How important are celebrity recommendations when selecting a food box?

Not important	Somewhat important	Very important
23	32	25

What would persuade you to maintain an ongoing food box subscription? (Select all that apply.)

New recipes	Seasonal dishes	Themed recipes	Unique ingredients
49	62	22	27
Special offers	**Discounted pricing**	**Free samples**	**Loyalty scheme**
54	39	24	8

Research on media selection

Wholly Nutritious has researched the following options for improving customer engagement:

1 TikTok ads

- TikTok has 100 million European users/community.
- TikTok has 3.7 million active users in the UK who engage with the app for an average of 41 minutes a day. This is lower than the global average TikTok user, who spends 52 minutes actively using the app.
- In 2019 and 2020, 9.3% of users in the UK were aged 25–34.

2 Facebook

- Average Facebook ads cost £0.78 per click.
- More than 48 million people in the UK use Facebook. Approximately 44% of people use Facebook every day.
- 26% of users are aged 25–34 and 19% are aged 35–44.
- In households with one or more children, users access Facebook for 2–3 hours each per day.

3 Google ads: Pay per click – with spend cap

- Monthly budget cap that you can vary month by month.
- Budget of £200/month will generate an estimated 180–270 clicks or calls.
- Google ads allow you to do your own demographic targeting, e.g.
  - Age: 18–24, 25–34, 35–44, 45–54, 55–64, 65+ and Unknown
  - Gender: Female, Male and Other
  - Household income: Top 10% of earners, 11–20%, 21–30%, 31–40%, 41–50%, Lower 50% and Unknown
  - Parental status: Parent, Not a parent and Unknown

4 YouTube

Allows you to set a budget – daily budget from £6 depending on exposure needed

- More than 35.6 million adults in the UK use the platform.
- 35% of the UK population are an active user of YouTube.
- 46% of women use YouTube in the UK vs 54% of men.
- YouTube use is growing the fastest amongst Baby Boomers and Gen-X-ers.
- The most active demographic is aged 25–44, accounting for 44% of all users.
- The most popular YouTube channel in the UK was Ed Sheeran with 43 million subscribers. The channel also boasted around 18.78 billion views.

5 Snapchat ads

- Monthly budget cap that you can vary month by month.
- Average Snapchat ads cost £0.56 per click/swipe.
- More than 20.1 million people in the UK are active users of Snapchat.
- 59% of users are aged 20–55.
- Chance to connect with potential customers in real-time through the creation of filters, add-ons and interactive stories.
- Opportunities to blend viral advertising with ecommerce and website directions.
- Location based targeting through snap-map and locators.

6 Instagram ads

- Average Instagram ad costs £0.35–£0.75 per click.
- More than 30 million users in the UK with 54% using Instagram several times a day.
- 30% of users are aged 25–34 and 57% of users are women.

7 Food festivals

- There are approximately 180 food festivals in the UK where you can have a stall, sell products and meet your potential customers.
- Food festivals are usually held in the summer and Christmas periods.
- Local food festivals attract between 200 and 1 000 visitors, with national events attracting over 15 000 visitors per day.
- Stalls cost from £250 to £1 500 and you need public liability insurance, a basic food hygiene certificate, stallholder insurance and you must follow guidance about selling food and drink.
- Create brand awareness and showcase products alongside the latest trends in food and drink.

8 BBC Good Food Show

- Large food-based event held in major UK cities in July and November.
- Attracts around 150 000 visitors over four days with live demonstrations, celebrity chefs and trade stands.
- A stand typically costs £450–£600 per square metre, a small exhibition stand is likely to cost around £5 000.
- 70% of visitors are aged 30–65, with increasing numbers of families attending the events each year.
- This is a way of engaging with potential customers over four days while showcasing your product within live demonstrations, celebrity chef promotions and free samples.
- Creates brand awareness and showcases products alongside latest trends in food, drink and cooking.

9 Farmers' markets

- There are approximately 650 farmers' markets in the UK where you can have a stall, sell products and meet potential customers.
- Stalls cost from £10 to £75 and you need public liability insurance as well as a basic food hygiene certificate if you are selling or providing samples of cooked meals.
- You can engage with potential customers and carry out demonstrations of meals that could be created from the food boxes.

10 Other

- Video production – £500 to £10 000
- Animation – from £1 000
- Voice-over – from £500
- Motion graphics – from £3 000
- Filming – from £2 000 per minute
- Stock images/video £500

What is a food box?

A collection of fresh food, normally enough to last a week. Most contain some combination of fruit and vegetables. Sometimes other items such as meat, dairy products or dry goods are added.

What is a recipe box?

A pack of ingredients with instructions for making a specific meal.

What are seasonal goods?

Products that are only available at certain times of the year or that are available in greater quantities at certain times of the year.

Pearson BTEC Level 3 Nationals

June 2022

Supervised hours 3 hours

Paper reference **31489H**

Business/Enterprise and Entrepreneurship

UNIT 2: Developing a Marketing Campaign

Part B

You must have:
Calculator, note paper and pen
Your notes from **Part A** (maximum two A4 sides).

Instructions

- Complete **all** activities.
- **Part A** will have been used in preparation for completion of **Part B**.
- **Part B** must be issued to learners as defined by Pearson and should be kept securely.
- **Part B** must be undertaken in 3 hours on the timetabled day and time and under the conditions specified by Pearson.
- **Part B** is specific to each series and must only be issued to learners who have been entered to undertake the task in the relevant series. It is to be issued at the beginning of their timetabled supervised period.
- **Part B** should be kept securely until the start of the 3-hour supervised assessment period.

Information

The total mark for this paper is 70.

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Instructions to Teachers/Tutors and/or Invigilators

This paper must be read in conjunction with the unit information in the specification and the *BTEC Nationals Instructions for Conducting External Assessments (ICEA)* document. See the Pearson website for details.

The **Part B** set task is undertaken under supervision in a single session of three hours on the timetabled day and time. Centres may schedule a supervised rest break during the session.

The **Part B** set task requires learners to apply research. Learners should bring in notes as defined in **Part A**. The teacher/tutor and/or invigilator needs to ensure that the notes comply with requirements.

Work should be completed using a computer. Learners are not allowed access to the internet.

All learner work must be completed independently and authenticated by the teacher/tutor and/or invigilator before being submitted to Pearson.

Refer carefully to the instructions in this paper and the *BTEC Nationals Instructions for Conducting External Assessments (ICEA)* document to ensure that the supervised period is conducted correctly and that learners submit evidence that is their own work.

Learners must not bring anything into the supervised environment or take anything out without teacher/tutor and/or invigilator knowledge and approval.

Centres are responsible for putting in place appropriate checks to ensure that only permitted material is introduced into the supervised environment.

Maintaining security

- During supervised assessment periods, the assessment areas must only be accessible to the individual learners and to named members of staff.
- Learners can only access their work under supervision.
- During any break materials must be kept securely.
- Any work learners produce under supervision must be kept securely.
- Learner notes must be retained securely by the centre after **Part B** and may be requested by Pearson if there is suspected malpractice.

Outcomes for submission

Two documents will need to be submitted by each learner:

- a rationale for a marketing campaign
- a budgeted plan for the marketing campaign.

Each learner must also complete an authentication form.

Instructions for Learners

Read the set task information carefully.

This session is **three** hours. Your teacher/tutor and/or invigilator will tell you if there is a supervised break.

Plan your time carefully.

You have prepared for the set task given in this **Part B** paper. Use your notes prepared during **Part A** if relevant. Attempt both the activities in **Part B**.

Your notes must be your own work and will be retained by your centre until results are issued.

You will complete this set task under supervision and your work will be kept securely during any breaks taken.

You must work independently throughout the supervised assessment period and must not share your work with others.

Outcomes for submission

You will need to submit the following **two** documents on completion of the supervised assessment period:

- a rationale for the marketing campaign
- a budgeted plan for the marketing campaign.

You must also complete an authentication form to declare that the work you submit is your own.

Set Task

You must complete BOTH activities.

You will need to refer to the additional task information on the following pages and the notes and annotations from **Part A**.

Activity 1

Prepare a rationale for a marketing campaign for *Wholly Nutritious* to promote its food box business.

This should include:

- marketing aims and objectives
- analysis of research data on the market and competition
- a justification for your rationale.

(Total for Activity 1 = 34 marks)

Activity 2

Based on your rationale from Activity 1, develop a budgeted plan with a timescale for your marketing campaign.

You must produce this plan in an appropriate format for the owners of *Wholly Nutritious*.

(Total for Activity 2 = 36 marks)

TOTAL FOR PAPER = 70 MARKS

Part B Set Task Information

UK food box market

In 2020, demand for food boxes increased dramatically. Sales increased by 114% in April 2020 alone. The amount spent on these products by consumers increased by 36% during this time. Examples of these products include vegetable, recipe and meat boxes. One company, *Gousto*, earned more in the first six months of 2020 than in the whole of 2019. It is reported that the owners of that business plan to increase their production capacity by 300%.

Sales of food boxes increased during 2019 and 2020 as part of a growing trend for people to do their grocery shopping online. Large numbers of people who were unable to visit shops started to buy groceries online. However, in the second half of 2020 some people started going to physical shops again, but many continued doing their grocery shopping online. Industry experts believe that the positive experience of shopping online during this time accelerated a long-term trend for people to do more shopping online.

The market is very competitive. Most companies tend to focus on selling food boxes to a specific part of the country before expanding to other areas. Many brands in this market try to differentiate themselves from their competitors.

- *Oddbox* focuses on selling to customers in London and Brighton. It sells boxes of fruit and vegetables that have been rejected by supermarkets due to being unusual shapes.
- *Riverford* covers the whole of the UK. It offers both vegetable and recipe boxes that contain organic products. Its boxes mainly contain seasonal products.
- *Mindful Chef* offers recipe boxes throughout the UK. Its boxes focus on food that is nutritious and low in carbohydrates. They are also free from gluten and dairy.

The success of smaller food box businesses has led major retail chains to consider launching products in this market. In March 2020, *Morrisons* launched its 'Essentials Box' which gave customers a choice of options either containing meat or that were meat-free. These boxes were priced at £35 and aimed to provide enough food to make three meals for a family of four. *Morrisons* boxes were so successful that its website crashed on launch day because of the extra traffic. The successful launch of these boxes led to the development of a range of 'Square Meal' recipe boxes. These are aimed at making classic British dishes such as shepherd's pie or sausage and mash.

Food boxes tend to be sold online. People can either subscribe to regular deliveries or make one-off purchases of a single box. The popularity of these services has grown in line with the wider food retail market. Despite this, some smaller independent businesses also offer food boxes through retail shops.

A potential challenge to food retailing and the food box market is *Amazon Go*. The business has recently opened a checkout-less food store in London and plan to expand their offering across the UK. Customers download the *Amazon Go* app, do their shopping, and leave the store without going through a till. The app logs and charges for the products the customer takes out of the store.

Wholly Nutritious

Wholly Nutritious runs a food box business in the UK. The business started on a farm in 2000, selling boxes of fruit and vegetables and delivering to customers within 50 miles. Between 2000 and 2015 the business grew, buying new premises and expanding to cover the whole of the UK.

Customers are offered a range of subscription options. They can choose either:

- food boxes containing fruit and/or vegetables. These are priced at between £10 and £50 depending on size and content
- recipe boxes containing ingredients and a recipe for a specific meal. These are priced between £5 and £30, depending on how many people the meal is intended to serve.

The business mainly advertises using promoted posts on social media. Current customers are sent emails about special offers. They are also given a code that they can pass on to friends. If their friend uses the code when they order a subscription they are both given a discount.

Customers purchase their boxes online. They can choose from 10 different types of food box and 50 different recipe boxes. Managers at *Wholly Nutritious* divide their target market into two groups:

1. Young professionals aged 21 to 45 who lead busy lives and want recipe kits to help them save time
2. Households with at least one child. These families want good-quality, fresh fruit and/or vegetables.

Maintaining revenue

After a period of significant growth, the owners of *Wholly Nutritious* believe that the business should not grow any further in the short term as this may compromise the quality of the service that they provide.

The owners of the business are currently considering developing their promotional activity to include:

EITHER

1. Posting videos each day on social media showing how to cook meals using items from *Wholly Nutritious* boxes.

OR

2. Running stalls at local markets and food festivals to persuade people to subscribe to a food and/or recipe box delivery.

The marketing budget for the campaign is £150,000. The campaign should run for 52 weeks.

What is a food box?

A collection of fresh food, normally enough to last a week. Most contain some combination of fruit and vegetables. Sometimes other items such as meat, dairy products or dry goods are added.

What is a recipe box?

A pack of ingredients with instructions for making a specific meal.

What are seasonal goods?

Products that are only available at certain times of the year or that are available in greater quantities at certain times of the year.